

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
(Baltimore Division)

In re:

FRANK'S NURSERY & CRAFTS, INC., et
al,

Debtors.

Case Nos. 01-5-2415-JS
through 01-5-2416-JS

(Chapter 11)
(Jointly Administered under
Case No. 01-5-2415-JS)

* * * * *

ORDER (A) AUTHORIZING PAYMENTS OF CERTAIN PREPETITION
OBLIGATIONS RELATED TO GOODS IN TRANSIT; (B) CONFIRMING
GRANT OF ADMINISTRATIVE EXPENSE STATUS TO DEBTORS'
UNDISPUTED OBLIGATIONS FOR GOODS ORDERED PREPETITION
AND DELIVERED POSTPETITION AND AUTHORIZATION FOR
DEBTORS TO PAY SUCH OBLIGATIONS IN THE ORDINARY
COURSE OF BUSINESS; (C) AUTHORIZING TREATMENT OF
RETURN TO VENDOR GOODS;
AND (D) GRANTING RELATED RELIEF

ENTERED
FEB 27 2001
CLERK'S OFFICE
U.S. BANKRUPTCY COURT
DISTRICT OF MARYLAND
BALTIMORE

Upon the motion (the "Motion"), dated February 23, 2001, of the above-captioned debtors and debtors in possession (collectively, the "Debtors"), for entry of an order, pursuant to sections 105(a), 361, 363, and 503(b) of title 11 of the United States Code (the "Bankruptcy Code"), (a) authorizing payments of certain prepetition obligations related to goods in transit; (b) confirming grant of administrative expense status to Debtors' undisputed obligations for goods ordered prepetition and delivered postpetition and authorization for Debtors to pay such obligations in the ordinary course of business; (c) authorizing treatment of return to vendor goods; and (d) granting related relief; and the Committee having requested, and the Debtors having agreed to, an adjournment with respect to the portion of the Motion pertaining to RTV Goods (as defined in the Motion); and the Committee and the Agent for the DIP Facility (each as defined in the Motion) having consented to the remaining relief sought by the Motion; and the

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Court having determined that such remaining relief sought in the Motion is in the best interests of the Debtors, their creditors and all parties in interest; and notice of the Motion having been given as described therein; and after due deliberation, sufficient cause appearing therefor:

it is on this 27th day of February, 2001, hereby

ORDERED, that all capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Motion; and it is further

ORDERED, that except with respect to the RTV Goods, the Motion is GRANTED; and it is further

ORDERED, that the Debtors are authorized, but not directed, subject to the exercise of their business judgment, to pay Goods in Transit Obligations upon written consent from the Committee and Agent; and it is further

ORDERED, that the undisputed Prepetition Purchase Order Obligations for goods delivered postpetition are entitled to administrative expense priority, pursuant to section 503(b) of the Bankruptcy Code, and it is further

ORDERED, that, pursuant to section 363(c) of the Bankruptcy Code, the Debtors are authorized, but not directed, subject to the exercise of their business judgment, to pay all undisputed Prepetition Purchase Order Obligations for goods delivered postpetition, consistent with their customary practices in the ordinary course of their business; and it is further

ORDERED, that the portion of the Motion respecting the RTV Goods is adjourned to Tues., March 6, 2001, ^{at 10 a.m.} so as to provide the Committee and Debtors additional time to resolve any issues relating to same; provided however, that in the event the Committee and Debtors resolve the issues concerning the RTV Goods prior to such hearing date, the Debtors are authorized to submit a consensual order to Chambers; and it is further

ORDERED, that the relief granted herein is not and shall not be deemed an approval or assumption of any agreement, contract or lease; and it is further

ORDERED, that any payment made pursuant to this Order is not, and shall not be deemed, an admission as to the validity or amount of the underlying obligation or a waiver of any rights of any party with respect thereto; and it is further

ORDERED, that the authorization granted hereby to pay Goods in Transit Obligations shall not create any obligation on the part of the Debtors or their officers, directors, attorneys or agents to pay the Goods in Transit Obligations and none of the foregoing persons shall have any liability on account of any decision by the Debtors not to pay a Goods in Transit Obligation; and it is further

ORDERED, that this Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.


JAMES F. SCHNEIDER
UNITED STATES BANKRUPTCY JUDGE

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